

LATIN AMERICAN REPORT



AUGUST 1958

50c

MEXICO An industrial giant treads where, by all the rules of the game, a dwarf should have found skimpy fare.

ECUADOR How the name 'Deep Well' Smith became a byword in the once thirsty capital city of Quito.

EL SALVADOR A first luxury hotel points the way to new emphasis on this diminutive country's many tourist attractions.

HONDURAS Four new Chiefs of State take over in the Middle-Americas. Who are they and what do they stand for?

MEET THE NEW HEADS OF STATE



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Calendar of Festivals

If you are planning to travel in Latin America during August or September, you may want to time your trip to take in some of these gala events. Some dates may be subject to change, so please check them with your travel agent.

AUGUST

1-7—Festival of Our Lady of Copacabana, Bolivia. With a spectacular series of pageants, Indian dances, feasting, processions, and tribal rites and music, pilgrims from the entire nation honor the miraculous Virgin of this ancient town. The image dating from the 16th Century, wears elaborate jeweled robes.

1-6—The August fair at Saltillo, State of Coahuila, Mexico, honors an image of Christ in a small chapel of the cathedral. On August 1 and again on the 6th, *matachines* dancers, wearing vivid costumes decorated with bits of mirror or glass gather at dawn in the main plaza. They dance to the music of drums and violins until the last Mass when they all go into church. There is also a fair. The Indians of surrounding hills and villages join in the festivities and sell the *sarapes* for which the region is noted.

2—Feast of Our Lady of the Angels, observed throughout Costa Rica but with special ceremony at Cartago, where the shrine of a famous Black Virgin is located. According to legend, this small stone figure was given to a slave girl by the Virgin Mary. A church was built on the spot where she revealed herself. Cartago is about 14 miles from San José, capital of Costa Rica.

4—Day of Santo Domingo. In Nicaragua, since he is the country's patron saint, this is the occasion for the outstanding festival of the year, held from August 1 to 10. Church ceremonies and a lively carnival take place in Managua. Another festival honoring Santo Domingo is held in Granada from August 14 to 30.

5-7—Bolivia's independence, proclaimed August 6, 1822, is celebrated with a three-day holiday. Ceremonies include a parade in all cities. In the mining regions Independence Day is celebrated much like carnival.

10—Independence Day—Ecuador.

15—In Guatemala, the year's chief fiesta at Solola, a town not far from Guatemala City, takes place on Assumption Day with feasting, music, dancing and processions. This is an interesting Indian community in Guatemala.



15—Assumption Day is a national holiday in Paraguay since Our Lady of the Assumption is the country's patroness (the capital, Asunción, is named for her). In Guatemala, of whose capital she is also the patroness, a week-long fair in her honor opens August 14 in Minerva Park, on the outskirts of Guatemala City. In Mexico, this is a special feast day for the Indians of Tlaxcala State.

21—In Mexico City at the statue of Cuauhtemoc, the last Aztec king, on Mexico City's broad avenue, Paseo de la Reforma, a ceremony is staged by *conchero* dancers. These dancers, who perform at fiestas all over the Valley of Mexico, probably get their name from the word *concha* (shell) because their mandolins are made of armadillo shell. Usually at this ceremony they also sing, then the story of Cuauhtemoc is read in the Indian tongue and in Spanish. Afterward songs commemorating all the Indian chieftains are sung.

25—Independence Day—Uruguay.

28—Tlalpan, a suburb of Mexico City, holds a fair that features Aztec dances.

30—Day of St. Rose of Lima. In the Peruvian capital this saint, only woman born in the Western Hemisphere to be canonized, is honored by processions in which her image is born through the streets of Lima. She is the patroness of the Peruvian capital.

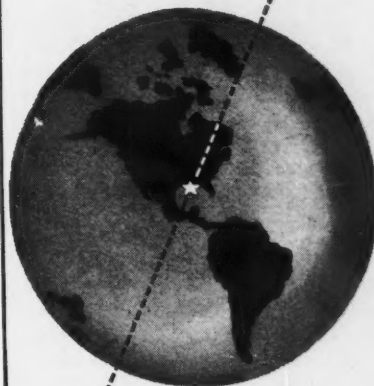
SEPTEMBER

7—Independence Day, Brazil

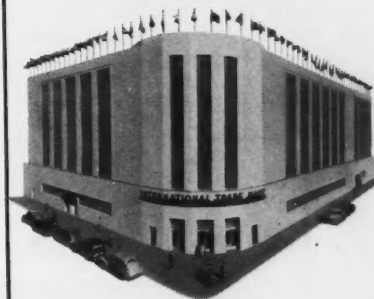
8—Nativity of the Virgin Mary. Our Lady of Charity, patroness of Cuba, is honored by pilgrimages to her shrine at El Cobre, a small town near historic Santiago de Cuba in the eastern province of Oriente. A week-long Mexican festival, at Tepoztlan, a town near the mountain resort of Cuernavaca, honors jointly Our Lady of Remedies and the Aztec deity El Tepozteco, who according to local legend was a favorite son of hers; an interesting native dance drama climaxes the fiesta September 8.

8—Day of St. Peter Claver, patron of Colombia. This saint was a Jesuit missionary to the Negro slaves at Cartagena and this coastal city holds

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ceremonies on his feast day.

15—Independence Day for five Central American countries. During the colonial period, Guatemala, Honduras, El Salvador, Nicaragua and Costa Rica were provinces of the Captaincy General of Guatemala. In 1821 patriots from all over the colony gathered in the capital, Guatemala City. A declaration of independence drafted by the Honduran, José Cecilio del Valle, was signed on September 14 and proclaimed the next day. Although the provinces later split into separate countries, all still consider this their Independence Day.

15-16—Independence Day, Mexico. At 11 p.m. on the 15th, the President of Mexico stands on the balcony of the National Palace and shouts, "Long live Mexico and death to bad government!" As he repeats Hidalgo's "Grito de Dolores," which in 1810 started the independence revolution, the crowds in the square below take up the cry while all the church bells in the city peal and fireworks are set off. A similar ceremony takes place in smaller cities. September 16, Independence Day, is a gay holiday with parades, bullfights and other amusements. Just wandering through Mexico City's streets on this day is an absorbing spectacle. Indians form

picnic groups under the trees of Avenida de la Reforma; booths selling everything and anything are set up.

18-20—Independence Days, Chile. Chile celebrates her independence with the three-day Fiestas de la Patria. All over the country there are rodeos, native dances, and barbecues. Church services are held and the army marches in review.

26-30—Annual state fair at Totonicapán in Guatemala. Many elaborate festivities take place in the town's modern theater. Totonicapán is an Indian city and an important weaving center.

LETTERS

Misses Opportunities

Dear Sir:

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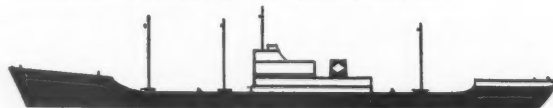
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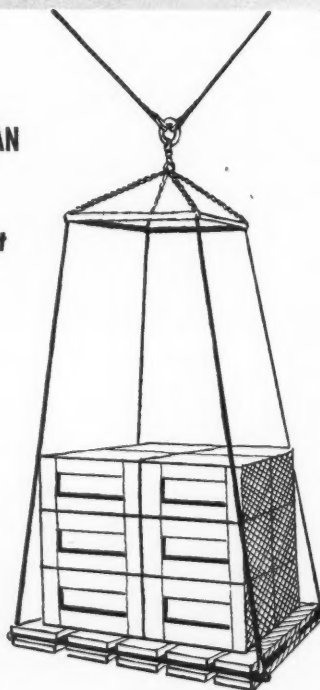
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A BOOST FOR UNITED STATES PRESTIGE

In time, history may reveal the sending of United States Marines to Lebanon as one of the great mistakes of the Eisenhower Administration; on the other hand, the action may be hailed as one of the President's wisest moves. To properly evaluate the results of the action at this time, would take someone extremely well-versed in Middle Eastern background and current affairs—plus some kind of crystal ball.

However, at the time the decision was announced in Washington, I was in Central America. And this much may be said about the reaction in that area: Most Central Americans with whom I talked were sincerely proud of the United States for making the move.

The Central Americans did not evaluate the landing of troops in Lebanon in strict terms of whether or not the action would bring peace to that strife-torn country. To them the landing of forces in Lebanon had this significance:

The action was looked on as a reassertion by the United States that this country is prepared to use force if necessary to preserve the rights of an independent people to a free government of their own choosing.

Actually, over the past several months, or perhaps years, the prestige of the United States has dropped steadily and progressively lower in the eyes of Latin Americans, because of certain actions and lack of action on the part of this nation, and the exploitation of these shortcomings by the Communist propaganda machine. One of the biggest blows to U.S. prestige in recent months was made possible by the Soviet launching of Sputnik. Even the successful U.S. satellite launchings since that time have not dispelled the results of that initial propaganda coup.

Going farther back, at the political level, the United States suffered mightily from permitting Egypt's Nasser to take control of the Suez Canal. Rightly or wrongly, it is the opinion of many Latin Americans that Nasser would have failed had the United States backed Britain and France in their actions against him.

Had the United States once again permitted Nasserism to have its way in the Middle East, and had Lebanon been allowed to go the way of Iraq, Syria and Egypt, itself, it would have made this country appear completely unreliable and ineffectual as a world power and would have given the Communist propaganda mill grist for another victory.

Further victories for Communist propaganda and continued lowering of U.S. prestige in Latin American eyes, could have some pretty bad repercussions in an area that looks to the United States as a power and leader of the Western World, at the same time that this area is fighting off Communist trade overtures and political penetration.

William G. Gaudet

PUBLISHER

Member, Inter American Press Association

THIS MONTH'S COVER: Amid the heat and hustle of industrial activities in the factories of the Vidriera enterprises at Monterrey, Mexico, glass-blowers practice a precise art. (Color Photo by Norman Thomas).

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LATIN AMERICAN REPORT

Published monthly to record and interpret the changing history of our hemisphere.

AUGUST 1958

VOL. II NO. 9

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LATIN AMERICAN REPORT is published monthly by Latin American Reports, Inc., International Trade Mart, New Orleans 12, La. Single issue price 50c. Subscription \$5.00 per year. Foreign Rates (boat mail) \$6.00. President, William G. Gaudet; Vice President, Sidney M. Toca; Secretary-Treasurer, Pauline Lucas Gaudet; Directors: Dr. Alton Ochsner, Sidney M. Toca, William G. Gaudet, Yvonne M. Dufrechou, Parks B. Pedrick, Pauline Lucas Gaudet, Lee Emery, Jr. Second Class Mail Privileges authorized at New Orleans, Louisiana.

PHOTOGRAPHS IN THIS ISSUE: 4-5, Norman Thomas, Dick Hayman; 6, Alan J. Oxley; 8-9, Norman Thomas; 10, William Gaudet; 12-18, Norman Thomas; 19-21, Hotel El Salvador Intercontinental.

FOUR NEW MIDDLE-AMERICAN HEADS OF STATE

the men and their problems . . . significance to the hemisphere

EDITOR'S NOTE: Four out of six of those republics that comprise the important Middle-American area of the continent, from the United States border south to Panama, will have experienced a legal change of government by free elections and popular democratic vote, during the period from December 1957 to December of this year.

With a sole exception the elections of these new Chiefs of State came off smoothly and the governments will have changed hands peaceably. In two of these Presidential elections women voters took part for the first time.

One of the new Presidents replaced a *de facto* regime, and presages for that country considerable change; a

second replaces an assassinated leader; a third President represents a complete turnabout of government policy; the fourth stands for continuation, almost without any change whatsoever, of the stable and progressive policies of his predecessor.

With one exception, the four new Presidents, as such, are relatively young men. All of them are warm friends of the United States.

The following word sketches, with each man treated individually, are designed to show the beliefs, the programs, and the problems of the four Presidents of Mexico, Guatemala, Honduras and Costa Rica.



It has long been an accepted fact that in Mexico, whomever the outgoing president handpicks as his successor, traditionally becomes the choice of the invincible Party of Revolutionary Institutions (PRI), and of the Mexican people at the polls. Last month, tradition made no exception in the case of handsome, personable Adolfo López Mateos, 48, who, running ahead of his party, got at least 80 percent of the unofficial vote, estimated at around 10 million.

This was Mexico's biggest Presidential vote (next biggest: 3.4 million in 1952), and the first Presidential election in which women took part. Some had predicted that the women's vote might swing a larger chunk of the total to the leading opposition candidate, the pro-Roman Catholic National Action Party's Luis Alvarez, a wealthy textile manufacturer. But when it came down to it, the women merely looked over their husbands' shoulders and followed the party line. The landslide came as no surprise in a land where PRI and patriotism are considered almost synonymous by so many.

When the former Minister of Labor (under outgoing President Ruiz Cortines) takes office as President in

December, he will become the last, and certainly the most predictable, of four new presidents to come into office in the Middle-American Republics during the past 12 months.

In his own country, it is doubtful if there are more than a handful of citizens in a population of more than 30 million who do not know well the name "López Mateos," and what it stands for. This is in spite of underdeveloped communications, illiteracy, and isolation. For months he has been subject of a giant publicity campaign that has scrawled his name in monstrous letters across buildings, walls and mountain tops throughout the republic. His is probably the best-known name in all of Mexico today.

Who is the man behind the name—and what will his six-year tenure as President mean for Mexico and for its neighbor to the north?

López Mateos bears only one likeness to the man whom he will replace as President on the first day of December, this year—a common first-name. Outgoing President Adolfo Ruiz Cortines is an elder statesman who has avoided the limelight, and who has followed a conservative program of steady development that has seen the country's gross national product rise 40 percent.

FRIEND OF U.S. López Mateos is a highly cultured career politician, an affable, efficient executive type, as far removed from the fiery revolutionary generals who founded his party as the stable, industrial Mexico of today is from the revolt-ridden, agrarian republic of another time. An attorney, López Mateos joined the PRI in 1930 as secretary to the party's titular head, General Riva Palacio. With a pleasant grin and suave charm, he moved up

Mexico: ADOLFO L

rapidly through the inner circle of the party hierarchy.

When speculation ran high last fall as to whom would be the Presidential choice of Ruiz Cortines and the PRI past-Presidents who still carry considerable weight in such decisions, López Mateos was placed well down the list of Cabinet officers believed likely possibilities. He was probably a compromise choice among the Big Three (Ruiz Cortines, and former Presidents Alemán and Cárdenas)—a concession to the more left-wing Cárdenas.

López Mateos is a man concerned with the material progress of his country. He believes in surrounding himself with young, talented and idealistic men of foresight. He is a staunch nationalist, but he is also a good friend of the United States—an outspoken foe of Communism in any form. He looks forward to continued wide economic development of Mexico during his term as President. Much of the development, he knows, will come from U.S. capital and from new and expanding branches of U.S. industry and commerce in Mexico.

Because of Mexico's current economic stage, capitalization must come in large part from foreign sources. Foremost of these is the United States. Last year more U.S. firms launched Mexican operations than at any previous time. The President-elect is aware of what this means to Mexico. As a candidate, López Mateos said: "I am on the side of what contributes to Mexico's progress." López Mateos is



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FO LOPEZ MATEOS . . . a continuation

openly friendly to the United States and to U.S. business. He has traveled in the United States and speaks English well. He admires the U.S. way of life.

His home program centers around the promotion of public works—dams, hydro electric plants, roads and highways, railway improvements, new schools and further development of the petroleum industry—the smooth bossing of the nation's development program through the present combination of state and private enterprise.

He believes in elevating the role of Mexican women in public life—has the whole-hearted help of his politically astute wife, Doña Eva López Mateos, who campaigned actively before women's groups, in her husband's behalf.

A favorite saying of the former Minister of Labor, is that "there is no conflict between capital and labor that cannot be solved through conciliation and good will." As Labor Minister, López Mateos settled 13,382 labor disputes with a mere handful of strikes.

SOME ROUGH SPOTS. López Mateos was born in the small village of Atizapán de Zaragoza in 1910, the final days of the Porfirio Díaz regime. His father was a dentist and his mother wrote poetry. Young López was schooled in Mexico City, later studied at the Scientific and Literary Institute of Toluca, now the University of the State of Mexico, and then went to the University of Mexico for his

law degree. He worked as librarian, professor, and finally as director of Toluca Institute. In 1946 he was elected Senator from the State of Mexico, made several trips abroad in official capacity, served as Minister to Costa Rica. In 1951 he was appointed General Secretary of PRI, and in 1952 Ruiz Cortines made him Minister of Labor.

López Mateos lives with his wife and 14-year-old daughter, Avecita, in a high-walled home in the exclusive El Pedregal district, at the edge of the lava flow across the way from University City. Behind the high wall of malpais stone, his garage houses a 1958 Lincoln and a 1957 Chrysler, replacing a once modest old Fiat.

His administration will probably vary little beyond a continuation of the policies of incumbent Ruiz Cortines—a course perhaps just a trifle to the left of Ruiz Cortines. PRI, itself once extreme left-wing, now lies barely to the left of center, where it provides a safe and comfortable-enough harbor for the new industrialists and professional classes, as well as for farmers, laborers and the middle classes. The National Action Party (PAN), on the other hand once extreme right-wing, now berths just right of center, and the greatest difference between the parties, actually, is on the matter of religion. PAN is pro-Catholic, while PRI tends to the anti-Clerical side.

Underneath the smooth façade there are a few rough spots in the domestic harmony—but nothing serious enough

to upset the applecart. One of these is in the far North of Mexico, where certain areas complain of neglect by the Central Government. Monterrey claims to pay out in taxes one million pesos a day, gets back only 10,000 pesos. Northern leaders criticize the State ownership of utilities, point to a privately-owned industrial power plant that produces electricity at one third the cost of a neighboring government-owned plant.

One northern newspaper publisher is still bitter over the government expropriation of the petroleum industry, blames Pemex for poor quality gasoline. This same publisher charges that the country is ruled by a dictatorial group. "Officials are not elected. They are appointed," he says. "We call it 'the finger.' You can't tell me that one man is good enough to fill the post of Finance Minister, Minister of Economics, and Foreign Minister—one after the other—not one man."

But in the next breath, this old warhorse will snort, with a hearty belly laugh: "I don't like the Government. I have never liked the Government—no matter who it was. But without them to fuss at we would be in a bad way. There would be no excitement. We would have nothing to say."

There will no doubt continue to be local voices raised in opposition to the López Mateos Administration. But if Mexico continues to prosper under his direction as it has under recent past PRI Presidents, Mexicans in general will be satisfied. Quite satisfied.

MIDDLE-AMERICAN HEADS OF STATE



Guatemala: Gen. Miguel Ydigoras Fuentes ... an enigma

Five months after taking office as President of Guatemala, Miguel Ydigoras Fuentes remains today almost as much of a political enigma as he was during the two campaigns that he waged to win the top office of the Republic. Prior to his election in February, the 62-year-old General was subject of two conflicting fears among different elements of his countrymen:

1) Because of the high offices he had held (as political head of several provinces) under the military dictatorship of Jorge Ubico (1930-1944), and also because much of his support came from extreme rightist groups, and furthered by actions of his followers who rioted to bring about void-

ing of the first election which fraudulently seated another candidate—all these factors combined to create apprehension among many, that the General might try to set himself up as a dictator.

2) As result of support of certain leftist elements, coupled with his leniency toward the return of exiled Communists who had flourished under the Red-dyed regime of Jacobo Arbenz, many feared a return of Communist influence in the country.

Now, five months later, President Ydigoras is still under a cross fire from Right and Left. Right-wing elements criticize Ydigoras for letting Communists return and accuse him

of permitting a renewal of Communist activity. To this group has recently been added the voice of the Roman Catholic Church. The most Rev. Mariano Rosselly Arellano, Archbishop of Guatemala, said that "again the hour has sounded to fight against Communism and against false anti-Communists."

And in the same address, the Archbishop charged that Guatemala is on the threshold of another struggle, not only because of the Communists, but also because of "businessmen and landowners who enjoy all sorts of guarantees to exploit the workers and the peasants."

President Ydigoras, himself, has charged Left-wing elements with carrying on illegal activities against his Administration, and for this reason announced that he has suspended the issuance of return permits to many Guatemalans living in exile. On the other hand, Ydigoras vigorously denies that he is the "rightist monster" that he was once painted.

DEMOCRATIC MANIFESTO. As a North American businessman, who has been in Guatemala since the days of Ubico, observed recently: "When Ydigoras was running for office, I was concerned that he would usher in another Ubico dictatorship; when he permitted the Communists to return, I feared that we were on the verge of another Arevalo-Arbenz regime. Currently the General has many problems, but somehow I now feel that if he can stay for his full six-year term, he will be regarded as one of Guatemala's most-loved presidents."

An observation more commonly heard now than the fear of dictatorial tendencies, is that "the General is too easy. He should assert himself more," many Guatemalans are saying.

Before his inauguration, the General filed with the Supreme Court his "Democratic Manifesto." In it he denied favoring dictatorship, professed that his aspiration was "to govern the country in an atmosphere of freedom and respect for the law." He upheld such basic rights as the right of workers to organize and choose their own leaders democratically, freedom of speech and press, tolerance of political parties that are "not extremists," freedom from mental or physical torture and fear of the authorities, and the banishment of exile. He promised to bring into Government the most capable men without consideration of their politics, provided they follow democratic ideology, and proclaimed intention of "keeping aloft the banner of anti-Communism."

To a group of Guatemalan businessmen, he spelled out his economic policy. He would continue to expand

the development program of the late Castillo Armas. And further: "I feel that merely recognizing and guaranteeing private property is not enough to create the new climate our country needs for its economic development," he said. "My government will try to create an atmosphere for an increase in the purchasing power of the consumer and one in which the number of our capitalists is increased."

"My government will sponsor programs to eliminate the false Communist concept of class warfare. As modern men, we will support the idea that capital and labor are as two sides of a single coin, neither able to subsist without the other. They are partners whose efforts must be parallel and whose objectives are the same."

Ydígoras acknowledged that U.S. aid (in the amount of \$80 million under Castillo Armas) has been of great service without creating indebtedness beyond the country's possibilities. "With this in mind," he said, "my government will endeavor to effect the continuation of this aid because it contributes significantly to the climate we are seeking—that of mutual confidence."

In Washington on a pre-inaugural visit, Ydígoras told the State Department that with \$35 million U.S. aid funds yet unspent, the only additional aid he might need would be a small amount to fight disease. The unspent funds he said would go for agriculture, road building and rural resettlement. With the World Bank he took up two other projects: power development and port improvement. He indicated that after the unspent aid funds were used up, Guatemala would look for business-like loans instead of grants.

FEWER EARNINGS. Now it appears that Ydígoras may be in for a bit of rough weather economically. With a \$115 million budget laid out for the next fiscal year, the country is faced with a serious drop in Government earnings. Guatemala usually can depend on about \$2 million in taxes from the United Fruit Company. But with taxes geared to production, this year's earnings will be considerably off because of storm damage to the company's banana plantations. Coffee income, another source of government revenue, also is expected to be low this year. Moreover, a hitch has developed in oil concessions to U.S. companies, who up to now have spent some \$20 million in Guatemala in exploration. This year they were to have begun drilling operations, but these have been suspended pending settlement of a dispute over the privilege of charging off exploration

costs against future income. Unemployment may soon develop into a problem when U.S. firms, now completing road building contracts in Guatemala, begin laying off their employees.

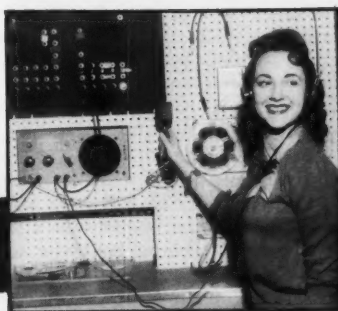
The stocky little General who will deal with Guatemala's problems as they arise, does not yet look his 62 years. He is married to Doña Maria Teresa Laparra Samayoa de Ydígoras and they have two children, a son and a daughter, both married. Most of Ydígoras' life has been spent in some way connected with the military, or with government functions. He was educated in the Military Academy, and later obtained a degree in engineering from the National University. He has written a number of publications in the military field and in the field of highway and road construction—a field that has long claimed his interest (he once headed the Guatemala Department of Roads).

Actually his interests have ranged throughout the field of engineering and his jobs with the Government have given him a broad base of experience.

The General also has been an ardent explorer of the backlands of Guatemala and very much interested in the rich archeology of his country. His favorite sports (which he has very little time for anymore): golf, horseback riding and target shooting.

The General speaks English, French and German besides his native tongue. He has held several diplomatic posts and was Ambassador to Colombia when he resigned to run for the Presidency. In the final of his two fights for office, last February, Ydígoras polled 39 percent of the popular vote, was confirmed in office by the Guatemalan Congress, still dominated by Castillo Armas' party, which had to choose between Ydígoras and runner-up Cruz Salazar, since Ydígoras didn't have a majority of the popular vote.

In this high office, as was said in the beginning, Ydígoras still remains pretty much of an enigma. Which way he will lead his country—to the right or to the left—only time will tell. More probably, after all is said and done, it will continue to be pretty well down the middle of the road.



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Costa Rica:

Mario Echandi

... a turnabout

"We are not trying to impoverish the rich, but to enrich the poor," was the apt expression of Presidential Candidate Mario Echandi before his election last February, concerning his own philosophy of how social advancement, tempered with realism and responsibility, could be carried forward within the framework of the private enterprise system in Costa Rica.

Three months have gone by since the conservative, 42-year-old attorney was inaugurated President of this Central American Republic. Three months in which the stocky, eloquent Chief of State has plunged his teeth into the difficult job of pulling off a complete about face of government policy, and doggedly hung onto his political beliefs, in spite of a precarious toe-hold on a very narrow ledge of Congressional control.

Faced with the problem of curbing government policy that had carried Costa Rica far along the road of state socialism, under the Administration of his predecessor, José Figueres, and of steering his country back into the fold of private enterprise in a number of fields, the new President fell heir to a Congress splintered into several embittered factions. With the oppositionist Figueristas controlling 20 seats, and with four seats belonging to maverick factions, Echandi's National Unity Party (PUN) could lay claim to only 21 seats.

To further worsen Echandi's position, 11 of these 21 seats reportedly belong to followers of hitherto exiled ex-President Rafael Calderón Guardia, who "Pepe" Figueres had labeled traitor and run out of the country in 1948. In accord with Echandi's pre-election vow that his party stood for unity of the Costa Rican "family" and the burying of latent enmities carrying

over from the 1948 revolution, the President has permitted Calderón's return to Costa Rica, much to the disgruntlement of Figueristas. And this leaves Echandi in the uncomfortable position of having Calderón breathing down his neck (Calderón claims to have swung more than 46,000 of Echandi's 90,296 votes in February's election).

In this atmosphere of shaky political control, President Echandi, whose most noted characteristic is that of dogged persistence when he gets his teeth into a political angle, coupled with an unshakeable pugnacity, is forging ahead with efforts to fulfill his election promises. If he is half-way successful, he will have filled a pretty big order, under the circumstances, because he has promised a great deal of change.

HALT NATIONALIZATION. First and foremost, Echandi had said that he would call a halt to the nationalization programs and encourage private enterprise with the help of foreign capital. He would invite foreign banks to open again in Costa Rica, and while he has not said specifically that he would denationalize existing banks, a reintroduction of foreign banking would put the nationalized system at a definite disadvantage.

"We won't interfere with existing labor legislation except for the benefit of the worker," Echandi said. "We will try to reduce the cost of living, revise customs tariffs and seek foreign financing for the fast-nationalizing electricity program, and for INVU (a government-run and financed organization that builds houses for low income workers for as little as \$750, on credit)."

"We don't offer the electorate an Aladdin's Lamp," he said. "We are not attacking social problems with

demagoguery, but with realism and responsibility. (The opposition) makes great play of the necessity to harmonize capital and labor. That is 18th Century thinking. Do not employers and capitalists work too—and run risks besides? Employer-labor harmony is nothing more than a rationalization of production to bring abundance to both."

Echandi also had expressed his intention to "abolish the army and retain only an adequate Civil Guard, or police force, that will be a guarantee to the citizen, not a threat." (Theoretically, Figueres had abolished the army years ago, but it was, in effect, a mere change of name, resulting in a Guardia Civil of colossal proportions. Purchase of armaments still consumed \$2 million a year.) "Present great arsenals will be sold and the proceeds devoted to agriculture and industry," Echandi had promised. He proclaimed a policy of peaceful coexistence with other countries, regardless of their forms of government. (Figueres had delighted in needling the dictators).

Echandi assailed Figueres' regime for wasting public money on hydroelectric projects that could have been handled by private capital. With a gross national product of \$225 million and an annual budget of \$46 million, the individual Costa Rican, on the average, has to concede nearly 20 percent of his earnings to the government. "This is far too much," Echandi claimed, "for a small country with no large capital resources."

While Echandi has had little time to come up with concrete backing for his election promises, there is a decided trend in government negotiations toward free enterprise and foreign investment. Even before Echandi took office, W. H. Bolin, manager of the Guatemala branch of the Bank of America, entered into discussions with him.

Although there was no public statement of what resulted from this discussion it was generally regarded in San José as laying the foundation for return of free banking.

ARMS TO PLOWS. At about this time, German and Dutch bankers began discussions relative to setting up a special bank to finance crop insurance, now handled by the government Banco Nacional. Again no definite results, but the scheme is known to have Echandi's support. On June 15, Echandi told the Chamber of Agriculture that he will soon put into effective operation a crop insurance scheme which would include coffee—implying creation of an agricultural bank.



Not to impoverish the rich . . . but to enrich the poor

Turn the arms into plowshares . . . for the electorate, no Aladdin's lamp

In the field of foreign capital, negotiations are reportedly under way by United States interests with the Ministry of Agriculture and Industry to construct a new cement plant in Costa Rica at a cost of \$44.7 million, with the U.S. firm to retain 52 percent interest. The plant would supply cement for construction of low-cost INVU houses. The U.S. Firm's proposition reportedly is bitterly opposed by Figueristas who want INVU and the government railway to build the plant jointly.

There is talk in San José that negotiations are under way with the World Bank to finance the Rio Macho power project. The Figueres Administration, which created ICE, the agency for nationalization of the power industry, had wanted to build Rio Macho, which was looked upon as overly ambitious for Costa Rica under present circumstances. But talks appear to be going on under Echandi's Administration.

Costa Rican "reservists" recently were called on to return all arms issued them. So far not one weapon has been returned, and the courts have been asked to intervene to recover the arms. This move is considered Echandi's first step toward reduction of armed forces to police force status.

While he goes about the business of putting Costa Rica back on a business-like footing, President Echandi lives with the First Lady (they have no children) in a modest downtown home, walks the streets unaccompanied by bodyguards. He likes to dress in a striking black suit, tie and hat, lunches at the Union Club but orders a native dish of highly-spiced rice and beans. He is descendant of an old Basque family. Previous to his elec-

tion to the Presidency, Echandi served as Foreign Minister and Ambassador to the United States under Otilio Ulate. Since 1953 he had been an outspoken leader of the opposition in Congress. He is a fluent orator. Echandi first came into political prominence as campaign manager for Ulate in 1948.

Echandi was elected in February by an electorate that was, for the

first time, almost equally divided between men and women. He wooed the female vote with a women's committee that included many of San José's leading *señoras*, said that "women's suffrage has contributed greatly to reducing political bitterness and strife." As President of Costa Rica, Mario Echandi achieved a goal often tried for by his father, Alberto Echandi, but never made.

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Honduras:

Dr. Ramon Villeda Morales

... a reformation

*Pediatrician with an ailing infant*

Dr. Ramón Villeda Morales took office as President of Honduras, December 21, 1957. The Munich-educated pediatrician had waited three years for the job of heading his country—a job which he had been jockeyed out of in 1954, when Lozano Diaz seized power in the wake of an indecisive election which saw Dr. Villeda leading, but lacking a Constitutional majority. The Liberal Party leader was voted into office last November by a Constituent Assembly on which the Liberals controlled 36 of the 58 seats.

Dr. Villeda, who, following a period of exile at the hands of Lozano Diaz, had been serving as Ambassador to Washington under the Provisional Junta that replaced Lozano, then took over a country faced with grave economic problems. The prolonged period of political instability had slowed commercial activity and brought about a flight of capital from the country (\$17 million). There was a budgetary deficit of \$5 million for the year. Reserves were low and the

foreign trade picture was far from bright, with banana shipments—the little country's major export commodity—considerably off.

The new President took office obligated by his party's pre-election emphasis on improved social services. Dr. Villeda, himself leaned toward a much needed, long-range program of public works, to take care of the electorate's expectations that the new Administration would do something spectacular to improve domestic conditions. He felt that to launch immediately into a program of social services would siphon off too much available money and leave the Government less able to support foreign currency, restricting the area of foreign loans. If either program were to be successful, help in the form of loans would have to be forthcoming from abroad.

President Villeda set out at once to make Honduras attractive for foreign investment to develop the little country's untouched resources. In April he

managed to push through the Law of Industrial Promotion, designed to attract new industry and provide for modernization and expansion of old, to create an atmosphere favorable for private investment in the national economy, to stimulate savings, and to create conditions favorable to a system of uninterrupted production and development that would raise the level of employment, utilize the country's natural resources and build domestic production of manufactured products hitherto imported. Special efforts are being made to encourage foreign capital to develop timber resources, iron and oil reserves. In the latter respect, the nation's petroleum laws are undergoing revision.

High on President Villeda's list of public works are roads to open up the country's resources. Negotiations are reportedly under way with certain private shipping concerns to build some \$30 million of roads and wood product factories. To back a \$227 million budget that he has laid out for the next five years, Dr. Villeda is negotiating with the United States for another \$1 million loan to augment \$17 million in loans already approved by the World Bank and Ex-Im Bank. Under consideration as a means of technical aid is a program for the United States to organize and train a segment of the military as an engineering construction battalion, thus giving the country's military something constructive to do and at the same time training soldiers in a useful profession.

HELP NEEDED. On the social service side of the ledger, the President is pushing an attack on the nation's high rate of illiteracy and seeking expansion of hospital facilities that now meet only half of the country's estimated needs.

President Villeda is putting forth sincere and energetic efforts to push through his vigorous program of reforms. But to make much progress he will need help from two sources:

1) He will have to have foreign aid in sizable quantity to cope with the serious economic plight of the country. This quite possibly will be forthcoming in view of the United States reappraisal of its policies toward Latin America in general, and Dr. Milton Eisenhower's mission to study the needs of the Central American republics, in particular.

2) And he will have to have the wholehearted support of his Liberal Party. This, it is reported, he does not now have. It is reported that, since Villeda cannot succeed himself in office, the Party already is bickering over selection of his successor. And already Villeda has lost considerable popularity among followers

who expected him to wave a Presidential wand and change the economic face of the country overnight. Conceivably, successful measures of aid in the first-mentioned aspect, could considerably bolster his position in the latter respect.

One thing is in his favor: Dr. Villeda Morales has always been a leader. Even in college, his classmates called him the "Campus Politician." His wife, Doña Alejandrina Bermudez de Villeda Morales, too, is a strong asset

in the President's favor. Often referred to throughout the country as "Mrs. President," Señora Villeda is recognized as a power behind the throne of her President husband.

Many times attacked during the campaign, for Communist leanings, President Villeda actually is definitely anti-Communist. Even certain Communist-infiltrated groups that supported him during election now attack him regularly as a matter of course.

Honduras' First Family includes, besides the President and Señora Villeda, five sons, ranging in ages from 21 (twins) to four. The President is a newspaper publisher (the fiery little paper *El Pueblo*) among other things, and has authored a number of medical publications. But right now, surgeon and pediatrician Dr. Villeda, has a patient worthy of all his medical skills—a nation that is still an infant (development wise) and just a little sick economically.

MEXICO

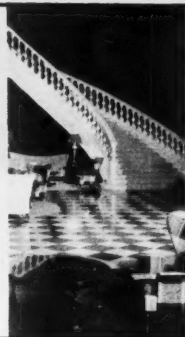


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MONTERREY... IN

Located a little way south of the border, in a desert-floored *cul de sac* of Mexico's eastern cordillera, is a city that is the industrial enigma of the hemisphere. One sees the chimneys of industry rise out of the desert and notes great plumes of industrial smoke against the Cerro de la Silla, the Hill of the Saddle. One cannot help but wonder that so much has grown so big, so fast, here so far from all those things conventionally thought necessary to nourish industrial growth.

The nearest seaport is Tampico, 300 miles away. The biggest market for the industries' products lies across the mountains, 600 miles distant. Ores to feed the steel mills come from mountains far to the west. Woods for the furniture industry are brought over long distances from the south. Silica to supply the glass plants is imported from Oklahoma. Grain for the baking industry, much grain and

hops for the brewery also are imported. There are no oil fields nearby and natural gas to fire the furnaces of industry comes by pipeline long distances across the desert. There are no great hydro-electric projects near at hand. Power and water often are in short supply.

But marvel and wonder as one will, nevertheless it is there—big and brawny as life—Monterrey, the industrial giant of northern Mexico.

How? Why? Even in face of facts, one can't help but ask these questions.

Well maybe, as much as anything else, Monterrey is a product of its people—people who call themselves *Regiomontanos*. The *Regiomontanos* are characterized by a healthy respect for a profit, combined with a hearty ambition to do things in a big way. They have done pretty well at both.

Somehow or other, down through the years, *Regiomontanos* have come by a reputation for stinginess that has made them the butt of numerous jokes—jokes that they are always the first to laugh at. They are sometimes called the Jews, and sometimes, the Scottsmen of Mexico. Gazing up at the Hill of the Saddle, which is the trademark of the city, the *Regiomontano* will recount straight-faced how the saddle on top of the mountain was dug out by a local citizen looking for

a *peso* that he had lost.

AN INDEPENDENT PEOPLE. But actually, the people of Monterrey are anything but stingy. They never fail to over-subscribe charitable campaigns. Business and professional men generously endow the modernistic Technological Institute. The first families of Monterrey paid for ultra-modern La Purisima Church and the Church of Cristo Rey, and help support an elaborate Boys' Town. Industries such as the Cuauhtemoc Brewery complex provide some of the world's most complete recreation facilities and many other outside benefits for their employees.

Regiomontanos have developed over the years a sort of haughty, self-sufficient independence from the rest of the nation. This does not mean that they do not think of themselves as truly Mexican. Quite the contrary. They are as proud of being Mexican, and of Mexico, as anyone else. Perhaps more so, because as Mexicans they have accomplished so much to be proud of. But they like to think of themselves as carrying more than their share of the burden of development of the rest of the nation, while getting little in return but neglect from the Federal Government and the rest of the country.

This attitude perhaps stems from

the fact that from the time of the city's founding, by Diego de Montemayor in 1596, this remote northern outpost attracted very little attention and received very little help from the central government. Until comparatively recently, it had very little to contribute to the national cause. So for some 300 years Monterrey was left to fend for itself. As a city, it not only pulled itself up by its bootstraps, but actually had to make its own straps.

Now, Monterrey's one per cent of the nation's population pays 10 per cent of the nation's taxes. This is one of the favorite railing points of Rodolfo Junco de la Vega, fire-eating old warhorse of the North, and publisher of *El Sol* and *El Norte*, two of Monterrey's four newspapers.

"We pay one million pesos tax every day," Junco proclaims, "and get back only 10,000 pesos a day. We make the money. Mexico and the Federal bureaucracy spend it." But in the next breath: "However, if we didn't have these troubles there would be no excitement. They have made us (meaning his papers). If we didn't

of him as a langourous *mañana* type.

Monterrey is Mexico's third-largest city, its second industrial center (Mexico City has more industry, but far less per capita). The city boasts 2,000 factories, large and small. The capital investment in industry is said to be upwards of \$400 million. Its labor force is only a little short of 100,000 workers, out of a total population said to be 535,000—a population that has just about tripped in the past 15 years.

Most of Monterrey's large industries are corporate structures (anonymous societies), and many of them are industrial complexes closely tied together by overlapping boards of directors. Most are still under control of the founding families, although there exist no one-man empires, no true captains of industry such as is sometimes the case in the United States. Almost all are firmly grounded in private enterprise, with the exception of certain public utilities.

Oldest of the big industries of the Monterrey group, and one of the biggest and most far-flung, is the brewery, Cervecería Cuauhtemec,

at Mexico City, Guadalajara, Tecate, Culiacán and Nogales, Veracruz. Brewing methods are virtually unchanged today from what they were when the company began operation in 1890. But today, everything is automatic and human hands touch nothing that goes into the brew from the time the malt is prepared until the bottles are capped.

A TIME TO BRANCH OUT. Before long the directors of Cuauhtemec saw where the company could branch out into sideline industries that not only would supply their own industry with materials hitherto imported from abroad, but that, also would find an outside market in other domestic industries, as well. In 1929 the parent company founded Malta, S.A., Mexico's first malt factory. This was followed in 1936 by Empaques de Cartón Titán, S.A., a factory to produce Kraft paper and corrugated cartons. That same year, Fábricas Monterrey, S.A. was founded to produce bottle caps, cans, and sheet metal lithography.

The year 1942 saw the addition to this industrial complex of Monterrey's

INDUSTRIAL ENIGMA

have them to rail at we would be in a bad way. We wouldn't have anything to say."

But like other industry of Monterrey, Junco de la Vega doesn't let an unfair tax burden stand in his way of expansion. Two months ago Junco busied himself from dawn until dusk supervising installation of a bigger press in a new annex to his plant, at a cost of \$400,000 so that he may stop turning away advertising—then hustled off to Europe for a long vacation, leaving his newspapers in the hands of his son, U.S.-educated Junco, Jr.

NO MORE SIESTA. If it took Monterrey nearly 300 years finally to come into its own, once started, it came hard and fast. There is no thought in the minds of *Regiomontanos* of slackening the pace. The mid-day *siesta* has long since gone by the board. As a matter of fact, Monterrey seldom sleeps at all, rarely rests, sweats day and night in the heat of the furnaces and the furnace-like sun. Close to the border, the city has adopted much of the industrial attitude of its neighbor to the north. One who has seen the *Regiomontano*, who is paid partly by wage and partly by piece-work, slapping parts together with lightning-like speed on an assembly line, may never again think

S.A., most generally known as the Carta Blanca Brewery, after its biggest selling label of beer. Cuauhtemec was founded 68 years ago in 1890, by Isaac Garza, José Muguierza, Francisco Sada, José Calderon and Joseph Schneider, with a capital of 150,000 pesos. It still operates at the same location where it began, a 70-acre tract along the Avenida Cuauhtemec del Norte—the highway to Laredo.

Cuauhtemec began operation with only 70 workers. Today it employs a working force of 2,000, and is the largest brewery in Latin America. The brewery has recently installed two huge copper kettles from Germany, which have three times the capacity of the old ones that the brewery began operation with. Its automatic bottling machines cap 180,000 bottles of pasteurized brew an hour and the annual production is 400 million liters.

Cuauhtemec's best-known beer is the excellent Carta Blanca. The top premium brew is Bohemia, and these two beers are recognized as among the world's finest. The brewery's other labels are Indio, Monterrey, Don Quijote, Tecate, Humaya, Yaqui and Gallo, with draft beers of Kloster, Don Quijote, Negra Central and Escudo. The company has other plants located

second steel mill, Hojalata y Lámina, S.A. Hojalata y Lámina produces sheet tin and steel plate. Hojalata is among the first steel plants to successfully put to economical use the sponge iron process, cracking natural gas to extract the hydrogen and using it to surface melt iron ore and extract the carbon to make sheet steel more pliable.

In addition to these subsidiary industries, the Cuauhtemec group has its own power and light plant, an ice plant that turns out 11,000 tons of ice a day, and a barrel factory. The company owns its own rail cars and diesel engines, in effect, only leases rail trackage, often sends out 30 carloads of product a day from the Monterrey plants.

Carta Blanca maintains a pleasant beer garden where anyone may stop in to drink his fill of the amber liquid. In the course of a year some 160 to 180,000 visitors are shown through the brewery operations. Heading this department and acting as guide, is genial, English-speaking Felix Cárdenas Hinojosa, who can boast that he has conducted every President of Mexico through the plant, from Cárdenas on, most of the Ambassadors to Mexico during this period, and hundreds of thousands of ordinary citizens from all over the world.



*Cuauhtemoc industrial empire . . .
beer, malt, paper, power, sheet metal and fabrication*



*From Technological Institute . . .
educated youth to man skill-hungry industry*

The Cuauhtemoc company claims to pay the highest wages in Mexico. As long ago as 1918, the company saw the writing on the wall and put into effect a worker relations campaign that it claims has averted any strike since that time. Founded that year, was the Sociedad Cuauhtemoc y Famosa, an association for employees that provides what the company likes to call the world's most complete company recreation facilities, including an Olympic pool and an open air theater that seats 5,000. The company provides a commissary that sells food to workers 40 per cent under outside costs, and maintains a dining room that serves 1,000 workers daily.

BORN WITH THE CENTURY. Cia. Fundidora de Hierro Y Acero de Monterrey, S.A. was Mexico's first steel mill, perhaps the first in all of Latin America. It came into being along with the Twentieth Century, 58 years ago. Today, Fundidora still is Mexico's most important steel mill, and one of the most important in the other Americas. Fundidora was founded by Vicente Ferrara, León Signoret, Antonio Basagoiti and Eugenio Kelley, with a capital of about

10 million pesos. The great, driving force behind Fundidora's progress for 37 years was Don Adolfo Prieto, one of Mexico's greatest captains of industry. Present president of the company is Carlos Prieto, scion of the old steel maker. Capital investment in Fundidora today is estimated in excess of 100 million pesos. For the past five years the company claims to have paid its stockholders 10 percent dividends.

Fundidora is certainly one of Monterrey's most spectacular industrial operations. The plant sprawls across a 500-acre tract, just over the Santa Catarina wash from the base of the Hill of the Saddle. The many smokestacks of its furnaces stand out starkly against the black bulk of the mountain. Clouds of black smoke intermingle with clouds of white from the plant's chimneys, a constant reminder to *Regiomontanos* of the ceaseless labors of Fundidora's 3,500 employees.

From the plants' two great furnaces and two Bessemer Converters pour forth during the course of a year, some 120,000 tons of iron, about 150,000 tons of open hearth steel, 110,000 tons of finished sheet metals. Fundidora fabricates corrugated iron,

structural iron and steel, steel plate and rails, and machine steel, among other things.

Fundidora's production in the beginning was limited to steel for pen-points. By 1909, it was producing steel for rails. From 1913 to 1925, Fundidora branched out into steel for the mining and petroleum industries. From 1926 to 1939, new groups of consumers materialized gradually. But Fundidora's great expansion came about during World War II, when Mexico was forced to rely on its own industry to supply its domestic needs. In 1943 the second furnace was installed, and a second Bessemer at about the same time. It now has one of the Americas' most modern combination mills for rolling sheet steel.

Like Cuauhtemoc, Fundidora maintains extensive recreation facilities, cafeterias, and medical facilities for its 3,500 employees and their families, provides schools for the workers' children. Fundidora has a plan whereby workers may acquire their own homes, with financing costs partially defrayed by the company. So far, more than 400 homes have been built for workers under this program.

Not only is Fundidora a strong sup-

A new skyline for the city . . . skeletons of steel



porting segment of the industrial backbone of Monterrey, but as the foremost basic industry, it is an important section of the backbone of all Mexican industry. Like most Mexican industry, Fundidora is expanding steadily to meet the growing needs of the nation.

AN INDUSTRIAL COMPLEX. A third spectacular industrial complex that makes its home in Monterrey, is the Vidriera (glass) industries. This important group includes Vidriera Monterrey, S.A. (bottles for beer, soft drinks, etc.); Cristaleria, S.A. (glassware, lead crystal and glass decorations); Vidrio Plano, S.A. (flat glass); Cristales Mexicanos, S.A. (bottles and glassware); and Fabricación de Máquinas, S.A. (glass-making machinery and molds, other machinery and machine tools). All of these plants are located in Monterrey. The group has subsidiary plants elsewhere in Mexico: Cia. Vidriera Guadalajara, S.A. at Guadalajara (bottles); and in Mexico City, Vidriera Mexico, S.A. (bottles); Vidriera Los Reyes, S.A. (glassware); Vidrio Plano de Mexico, S.A. (flat glass); and Vidrio Fibras, S.A. (fiberglass).

The Vidriera group employ more than 8,000 workers, produce upwards of 20,000 tons of glass products each month of the year. Products include 1.5 million bottles a day, glass blocks, crystal articles, tumblers and such, amounting to more than seven million pieces a month. These industries are beginning to diversify their production as much as possible, are building a healthy export market.

The machine manufacturing subsidiary, Fabricación de Máquinas, S.A., not only makes the machinery to be used in glass making, but actually has turned to the making of machine tools as well, a true indication that industry in Mexico has come of age. The plant also is busy turning out well-drilling equipment, operates its own foundry.

Closely connected with the Vidriera group of industries is Talleres Industriales, S.A., which produces, among other articles, some 25,000 corn grinders a month, to replace the ancient stone *metate* for grinding corn flower to make *tortillas*, the staple bread of the lower classes. Talleres also produces 15,000 charcoal irons a month.

Another industry tied in with the Vidriera complex is Troqueles y Esmaltes, S.A., for the production of enamel ware. This company produces some 82 different items for the home, including gas ranges and cooking utensils, turns out around 80,000 pieces a day.

The Vidriera group of companies builds houses for its workers at the

rate of about 100 a year, sells them to the workers for \$2,000, and absorbs 40 per cent of the cost. The company provides food staples for workers at 50 per cent of cost, employs 23 doctors to give free clinical service to employees, maintains elementary schools for 15,000 children of employees. Employees work eight hours a day and a good glass blower makes about \$5 in wage and piece-work combination pay.

BIG INDUSTRY. It has been shown that Monterrey boasts the largest brewery in Latin America, one of the biggest steel mills, the hemisphere's third-largest glass industry. To the list may be added La Galletera Mexicana, S.A., America's second-largest cracker producing plant (40,000 pounds of biscuits a day); Focos, S.A., the largest manufacturer of light bulbs and neon tubes in Latin America (40,000 a day); Cementos Mexicanos, S.A., Mexico's most important cement plant (13,000 tons a day); a soft drink bottling industry that quenches the thirst of 80 percent of Mexico (Casa Guajardo puts out 300,000 bottles a day); a truck assembly plant that assembles one half of all trucks used in Mexico.

And then there is the chemical industry. The chemical group includes Celulosa y Derivados, S.A., Celorey, S.A., Quimica Industrial de Monterrey, S. A. and Sosa de Monterrey S.A., formed with Mexican capital to produce articles hitherto imported. This group employs 1,300 workers, produces rayon fabrics, tire cord, celophane and chemicals.

And there is Compañía Manufacturera de Tubos de Acero, S.A., employing 1,000 workers, producing multiform metal tube products of all sizes and kinds. Tubacera, S.A., manufactures high-pressure storage tanks. Peerless Tisa, S.A. turns out centrifugal pumps. Compañía Super-Baños y Azulejos, S.A. makes tubular furniture, office furniture and bathroom fixtures. Ladrillera Monterrey, S.A. employs 900 workers to make ceramic tile and enameled products. Lolyta, S.A. manufactures dresses. And so the list goes on and on to complete the picture of this industrial enigma, the City of Our Lady of Monterrey.

More and more, the city itself is beginning to reflect its industrial base. Monterrey somehow never had much of the spectacular colonial architecture that characterized the early cities to the south, so the change that is taking place in its streets is not so noticeable as it might have been. Downtown streets are being transformed by the steel skeletons of new skyscrapers paid for with the money of industry. Along

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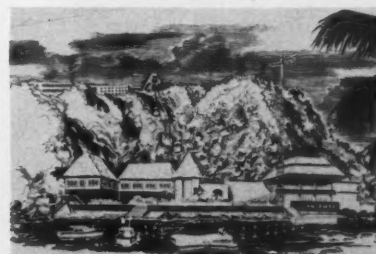
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INDUSTRIAL MONTERREY

. . . looking through glass



Blowing glass to perfection . . . an industrial art



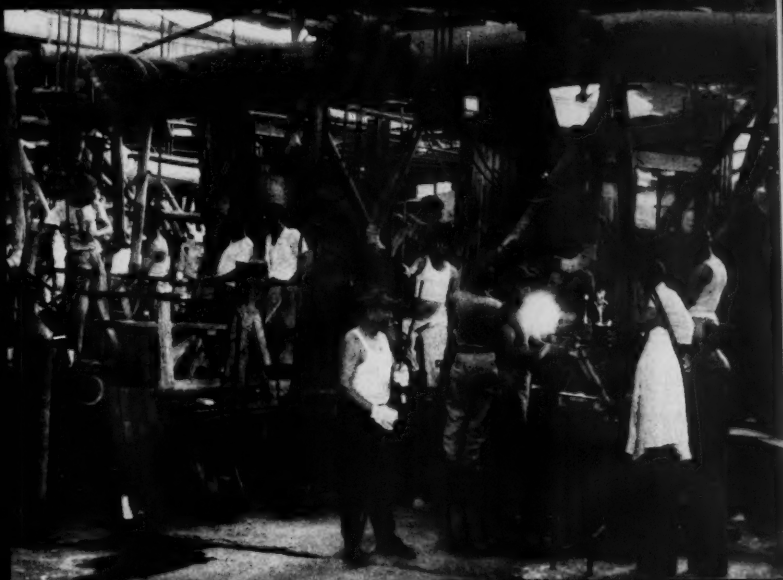
After the crystal is formed . . . comes the grinding



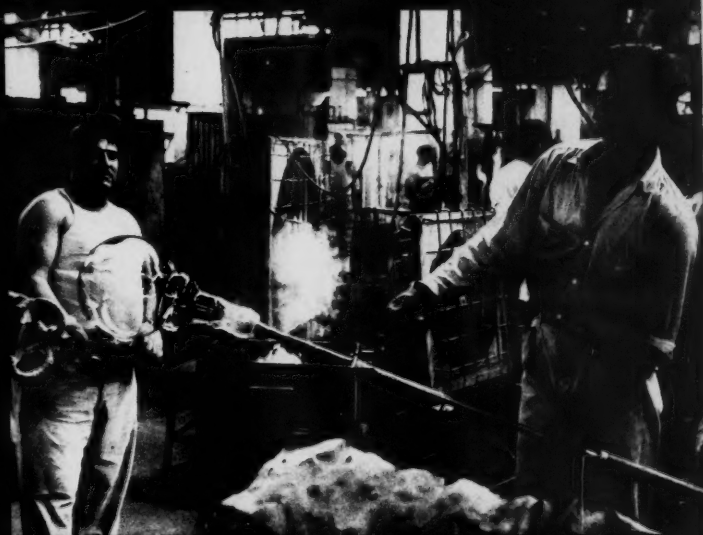
One after the other . . . the finished product

In the glass factories of Monterrey, Mexico, said to be the third-largest glass industry in the Hemisphere, machines combine with human artistry . . . sweat mingles with heat, smoke and flame, to produce every kind of glassware from plate to the finest crystal.

The dramatic scenes featured in this photographic essay are from the sister plants of Vidriera Monterrey, and Vidrios y Cristales. Pictured at their jobs are the industrious and highly-skilled glass workers of modern Mexico. Theirs is a new look, come to an old land.



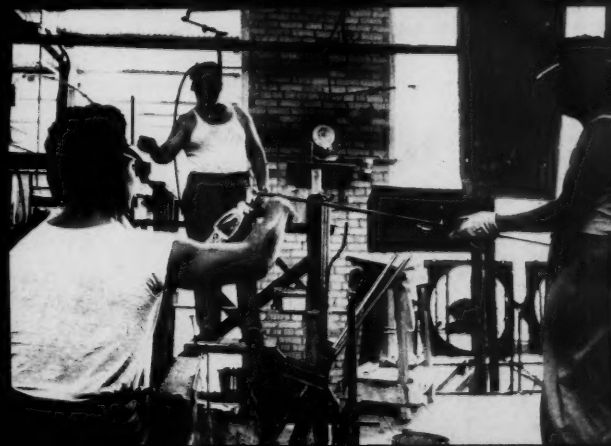
Where glass is made . . . a maze of industrial activity



Along the production line . . . the art of fine crystal



On another production line . . . decal painting



In another department . . . bases for tumblers

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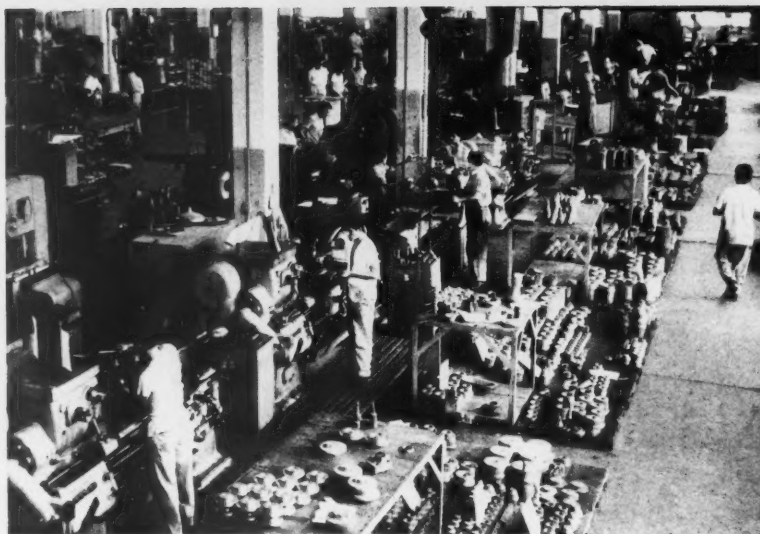
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MANAGUA, NICARAGUA



The coming of age of industry . . . production of machine tools

one side of old Plaza de Hidalgo, a scant block from the historic Ancira Hotel, stands the skeleton of the 21-floor Condominio Building being erected to house the offices of industry. Not far away workers are digging a block square excavation for the foundation of the 19-story Bank of Mexico Building, and a block away from it, the first concrete columns are rising for the 17-floor Bank of Monterrey Building.

INDUSTRIAL CHANGE. Out across the perennially dry Rio Santa Catarina, stands the muralled facade of the Technological Institute, where 3,200 students study to take their places in the city's industry. In the industrial sections of the city, to the north and east, along the Avenida Cuauhtemoc del Norte and the shabby streets that lie to the east of it, stand the factories, with thrusting chimneys, countless skylights, and carefully guarded gates. In between the industrial plants, along the unpaved streets of mud or dust, as the weather dictates, are workers' slums—inevitable results of a city that has grown too fast.

But on the other side of the tracks, so to speak, are the homes of those who have risen along with the industrial smokestacks—the modern villas that line the streets under the Obispada, and across the Santa Catarina and over the hill—the Colonia del Valle development of new homes.

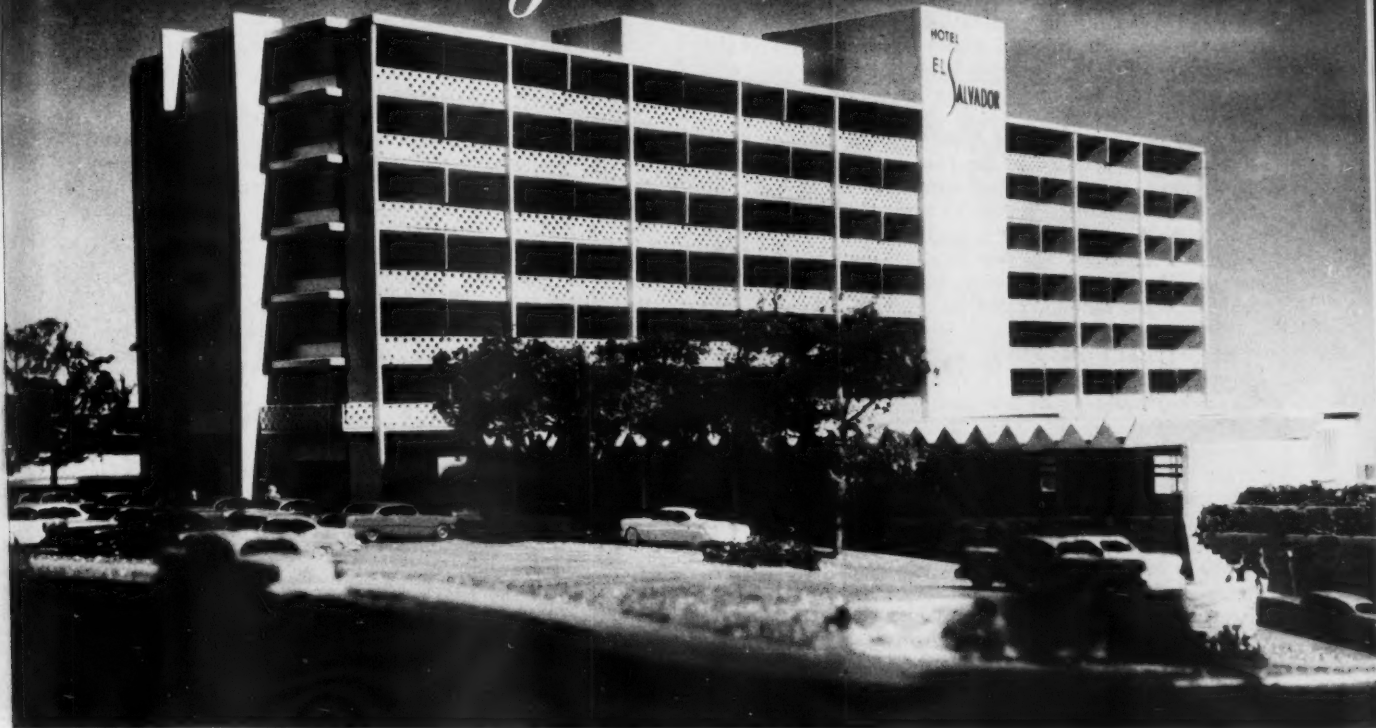
Back downtown, the Plaza Zaragoza is getting its face lifted. The *serenata*, where boy meets girl as they promenade around the square in opposite directions, still takes place from 8 to 10:30 Thursday and Sunday evenings, but not so many take part in it any more—a tradition giving

way to the industrial age. The Casino de Monterrey, beside the Cathedral on the Plaza, still is the center of social life for the families of the elite—who are more apt to be the old families than the ones with newly-acquired wealth. The Country Club is the other center of activities for Monterrey society, and outside of these two places, the social swirl revolves around the well-appointed homes of these first families—big homes designed for large families.

The newcomer is struck immediately by one relic of the recent past that seems to survive the change brought about by industrialization: the ubiquitous jitney. Seldom seen anywhere else in these chrome-plated times, is the quantity of these cherished and pampered, vintage automobiles of nearly every make, that throng the streets of Monterrey. Just about every tenth vehicle appears to be a Model A Ford, or some older model of whatever make. Most of them are used as taxis, but the fad carries over into private cars too. The garages at the country home of Junco de la Vega are filled with Model T Fords in various stages of reconstruction, standing unabashed beside a shiny Jaguar.

Yet another timeless hanger-on who refuses to surrender his domain entirely to the march of industry, is the *burro*. Fast-paced traffic has crowded him off the downtown streets, yet he clings doggedly to the residential and industrial outskirts of the city. But his foothold is precarious, and on another day he will have disappeared completely from the scheme of things, because nothing is likely to stay the wheels of industry and progress in Monterrey.

A FIRST *Luxury Hotel* FOR EL SALVADOR



Hotel El Salvador Intercontinental . . . a gamble in faith

Four years ago, Salvadorian Enrique Sol and United States-born Robert N. Murray looked out over a time-rutted ox-cart trail winding across a field on the slope of San Salvador Volcano, dormant for more than 40 years. They saw, not the eroded path spiraling to an inactive volcano, but a part of the future.

Today, a modern, luxury-type hotel, "El Salvador Intercontinental" stands as a symbol of a small nation's courage to push ahead on its own initiative.

Although the hotel idea was conceived by Sol and Murray, both men are married into the Meza family, which has been a powerful force in the promotion of El Salvador Intercontinental from the beginning. Much credit

for the success of the venture goes to Rafael Meza Ayau.

"El Salvador Intercontinental" became the first true luxury-type resort hotel to be built in any of the five Central American Republics of El Salvador, Guatemala, Costa Rica, Honduras and Nicaragua.

The construction and formal inauguration of such a hotel well might be small news for long-established resort areas such as Miami Beach, Atlantic City, or Acapulco, Mexico. It was for El Salvador, however, a unique undertaking. Those other areas have long had access to hundreds of thousands of tourists each year.

But in diminutive El Salvador, tourism is in its infancy, and the traveling audience has yet to be invited. Under

For the new enterprise . . . a blessing

The inauguration . . . a banquet fit for kings

Ancient ruin of El Tazumal . . . nearby tourist attraction.



these circumstances the financing and building of such a modern luxury hotel represents the faith and confidence of Salvadorian people, not only in what has already been accomplished in a business way, but even more important still—faith in themselves and in the country's future.

Sol, Murray and their associates mixed generous portions of vision, faith, understanding and confidence—confidence in the political and business stability of El Salvador—with cold business know-how. And carefully, but steadily, the beginnings of a major bid for tourist-trade began to take shape.

Larger countries, such as Guatemala and Mexico, were getting their proportionate share of tourists, but few and far between were the visitors who came to El Salvador solely for vacation purposes. In commerce, El Salvador, despite the fact that it is the smallest of the five Central American Republics, had been attracting its share of business travelers. But it had yet to know and understand the full importance and potential of the tourist dollar.

THE ATTRACTIONS. There was, in the minds of Sol, Murray and associates, no shortage of tourist attractions. Nature had endowed the area bountifully. It awaited only a means of calling it to the attention of travelers in the Americas.

Not far from the city is Cerro Verde National Park, from the heights of which can be seen the ever-active Izalco which, during certain periods, erupts every 15 or 20 minutes.

Izalco's eruptions at night must be rated as one of the world's truly great sights. From the very bowels of the volcano comes a deep-throated rumble. The earth quivers and suddenly a huge ball of flaming gasses and molten lava is belched high into the sky. Then the great glowing mass comes thundering down the sides of the volcano. It is, in a way, a fearful sight—yet for all of its awesome aspect, the eruption is virtually harmless.

Sun, sand and water, the simple ingredients of the world's most palatial resorts, await, uncrowded and unhurried, for the idle, relaxing visitor. There are the beaches at La Libertad on the Pacific, and Lake Ilopango, almost within the city limits of San Salvador. And within easy reach are the ruins of Tazumal, remnants of an Indian civilization of long ago.

An important factor in El Salvador's bid for tourist-attention is the Inter-American Highway, which has been completed from one end of the country to the other.

These were the potentials which Sol, Murray and friends saw that day in 1954, when they began looking toward tomorrow. But as the discussion evolved into the idea of a hotel, some cold, stark realities had to be faced. The site tentatively selected was simply a field on the slopes of San Salvador volcano. The only roadway was the weather-rutted ox-cart trail.

The major obstacle, at first glance, seemed to be money. To build the kind of hotel which these visionary businessmen believed the region needed, would require an investment in excess of \$3,000,000—a lot of money even for a country economically as sound and stable as El Salvador. They were sold on the project, but it would require some real planning to get others interested, particularly since the entire program was viewed more as a civic proposition than a flat business proposal. In all, financing the project required a total of 124 persons, and three bank loans—two from private banks and one from a government-owned bank.

THE BEST TALENTS. All of the money, with the exception of a token investment from Intercontinental Hotels Corporation (a Pan-American World Airways subsidiary), was raised in El Salvador.

Initial discussions started in 1954, then came the myriad details of financing and planning. It was not until October of 1956 that construction actually began.

The Salvadorian group, setting its sights on making "El Salvador Intercontinental" a top hotel in every respect, sought out the best talents available.

William B. Tabler, who designed the Dallas and Hartford Statlers, and who is now designing the Pittsburgh Hilton, was retained as architect. Thomas Church, famed San Francisco landscape architect, was retained to oversee the landscaping, which includes trees and shrubs imported from many countries, and native plants which had been developed in local nurseries.

Meanwhile, in New York, Robert Engelbrecht was commissioned to design special walnut furniture which would blend with the four-pastel color scheme of the entire hotel—orange, blue, yellow and green. From the

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United States came more than \$600,000 worth of equipment and furnishings.

"El Salvador Intercontinental" points with justifiable pride to the fact that the new hotel has 210 rooms, an Olympic-sized swimming pool, and dining accommodations for more than 400 persons. But these are statistics, which do not convey the real story of the undertaking. The real importance of "El Salvador Intercontinental" lies in the fact that it is a solid accomplishment, representing the spirit of the Salvadorian people. It offers one major explanation for why this smallest of the Central American Republics is one of the richest.

Long before the word "tourist" came into the vocabulary, the people of El Salvador planted and cultivated every available spot in the land to coffee. The zeal and determination, which long ago made El Salvador one of the great coffee producing countries of the world, was reflected anew in the birth of the Intercontinental.

IMPACT ON FUTURE. No one can predict with certainty what the hotel, and the momentum it will generate toward further development, will mean for the economy of the country in the future. This, however, is what it has already accomplished:

It provided employment to more than 600 Salvadorians for nearly two years during construction. It currently provides employment to more than 300 workers, armed with the latest instructions in the operation and maintenance of a modern hotel—with emphasis on sanitation, diet, punctuality, cleanliness, efficiency. What impact this ultimately will have beyond the confines of the hotel property is beyond conjecture, but there can be little question that the 300 new hotel workers are certain to spread beyond the hotel, itself, the modern way of doing things, learned in the resort hotel operation.

Already the Intercontinental has had an impact on land values. In 1954 when the organizers originally purchased the land, the price paid was 8 colones (about \$3.20) a square vara. Now the price is 30 colones, or about \$12 a square vara.

There can be little doubt that the new hotel will play a major role in El Salvador's plans for attracting visitors—and in turn, investment capital, something in which the Salvadorian businessman and the government have an intense interest. Incentives in the field of investment include the fact there are NO restrictions on the movement of foreign capital, or on the percentage of a corporation owned by outside capital.

But the careful student of Central American affairs can detect something much more important, in terms of the future, than the immediate monetary accomplishments. Above all else, the raising of the hotel has given to Salvadorians, from the very rich to the very poor, a feeling of pride in an outstanding achievement. That the project could be undertaken and nurtured to reality has raised hopes among the people that other accomplishments, perhaps once considered idealistic, might be transposed into actuality.

Today, the definite need for a luxury resort hotel for the pleasure and business-seeking visitor to El Salvador seems pretty obvious. But there are those, like the organizers, and Intercontinental Hotel President Peter Grimm, who well-remember the long, hard trail from that day in 1954, when they gazed across the slopes of the inactive volcano and said: "This is it."

It was a long, hard trail all the way . . . until Col. José María Lemus, President of the Republic of El Salvador, cut the traditional ribbon . . . until blessing was offered by Monsignor Luis Chavez y Gonzalez, Catholic Archbishop of El Salvador . . . until Mario Di Genova, the hotel's first Manager, swung aside the doors and said: "Bienvenidos . . ."

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"DEEP WELL" SMITH



For centuries, the people of Quito, Ecuador's spectacularly beautiful capital city, were relentlessly attacked by a deadly enemy that each year slew every tenth child. Nor did it spare adults; contaminated water, using the germs of typhoid, dysentery, colitis and other intestinal diseases, killed thousands. Doctors attempting to fight back were virtually helpless.

Quito rests on a 9300-foot high plateau of the Andes, and its water, in addition to being polluted, was also scarce. Thus the threat to community health was compounded. There was not enough water to use for flush toilets, or even for baths. People in many parts of the city had no running water at all. They bought a few gallons a day from one of the 4000 barefooted Indian *aqueadores* who trudged over regular six-mile routes, their five-gallon clay jars strapped to their backs.

Then in September, 1940, a dynamic, 38-year-old American hydraulic engineer known round the world as "Deep-Well" (Harold T.) Smith appeared in this ancient city of the Andes. He surveyed the sources of Quito's water, scrutinized valleys, traveled on muleback 15,000 feet high into the snow-capped mountains that ring the city. He found that the Quiteños were depending on water that came from cascades and springs, and a few shallow layers tapped by the Inca method of digging straight into the mountain sides. Then Smith studied the alluvial deposits between the foothills. Satisfied with what he found, he went to the municipal council. "I can solve your city's number one problem—your lack of pure water," he told them. "There is plenty of water underground and I can get it

for you."

"But how, Señor?"

"I will simply dig deeper than anyone has ever dug here before. But you yourselves will have to do some digging," he added with a smile. "This project will cost more than two million dollars."

The councilmen were aghast. Never before had they let a contract for more than \$6000. But their great need and Smith's confidence combined to help them make a momentous decision. They gave Deep-Well the contract but requested that he put up a \$50,000 bond guaranteeing to deliver five million gallons of drinkable water a day—four times the then current supply.

BATH IN EVERY HOME. Smith went right to work, compiling complex charts and drilling test wells to determine the location and directional flow of the water-bearing formations. Eventually he bored into a natural reservoir 600 feet below the surface. A few months later eight deep wells were delivering eight million gallons of pure water each day, instead of the five million he had guaranteed. Then Smith, still not satisfied, inspected the ancient reservoir above the city. He was horrified to find that the water, because of the filth accumulated in the reservoir, was loaded with a germ count of 9200!

Getting a new contract to capture and purify water above ground, Smith sent 1500 men swarming over the foothills on both sides of the two-mile-high Pichincha mountain range to construct canals to collect water from rivulets and springs.

The crews laid 65 miles of canals and 216 miles of pipe, some of it

...INTERNATIONAL

soaring up slopes so steep that 40 workmen yoked themselves together on each side of a 20-foot steel section to pull it up. When they were through, the mountains surrounding Quito on three sides sent water flowing to a modern treatment plant above the city. From there, purified and sparkling, it went to homes, schools, factories, business houses and public buildings.

Of all these public buildings, today the 172,000 people of Quito are proudest of the beautifully landscaped, gleaming white treatment plant. Theirs, they tell you, is a water supply system second to none in Latin America. Their water is probably one of the cheapest in the world—1.7 cents per cubic meter. Every new house going up has a modern bathroom. As a hygienic measure, the city sells water closets at cost; over 40,000 families have installed them—one for every four inhabitants.

"We had only one death from typhoid in Quito in 1956—a record," declared Dr. Luis Rivadeneira, a leading Quito physician. "In former years I have lost as many as 12 persons in one family to the disease."

Dr. Isidro Ayora, a former President of Ecuador, told me, "When Smith brought us pure water, he brought us a powerful civilizing agent. The man who takes a bath and steps into clean clothes respects himself more, and others have added regard for him. His personal cleanliness opens doors of opportunity that were shut. Every Quiteño has your country to thank for Smith."

AGUA SMEETH. Today, 18 years after Deep Well constructed the first well high in the Andes, public health in Quito has improved, infant mortality has declined, public hygiene is taught and practiced, industries have expanded, new enterprises have been created and employment has increased. The grateful Ecuadorians have made his name synonymous with pure water. They ask, "Will you have *agua mineral* or *agua Smeeth*?"

Sturdy, energetic Deep-Well Smith, now 56, has devoted 30 years of his life to finding water. In three decades he has drilled some 6000 large diameter water wells in Latin America, the Middle East, India and the Caribbean. Where he drills, deserts grow green, towns flourish and waterborne

R NATIONAL OASIS BUILDER

diseases dwindle. Water to him is like a religion. "It's development is the key to world prosperity," he declares. "Water means food for the earth's increasing populations. Food in the world's larder quiets its discontent, creates a climate for peace."

Smith's mission to give thirsting people water began when he was still an undergraduate at Norwich University in Northfield, Vt., where he studied engineering. Working on a problem of water measurement for a class one day, Smith discovered an error in the formula used by a pump manufacturer. During an exchange of letters, which finally proved the manufacturer wrong, Smith became interested in a career as a groundwater development expert. One of his professors, in a memorably mixed metaphor, steered him toward Latin America. "There," he said, "is a virgin land, pregnant with possibilities."

After graduation, Smith took a job with the United Fruit Company in Costa Rica. When a typhoid epidemic broke out in a near-by village because the only water supply, a shallow community well, had become contaminated, the young engineer called on the mayor and convinced him he could drill a deep well of pure water which could be protected from pollution by lining it with a broad concrete collar which would seal out any possible flow of contaminated surface water into the well. The village agreed to pay \$6,000. Smith went to Balboa, bought junked drilling equipment left over from the construction of the Panama Canal, and had it shipped to Costa Rica. With it, his career as an independent operator began.

"What can be done in one settlement can be done in 1000," he reasoned. He went from town to town, talking officials into contracts, drilling the wells himself, fighting to collect his money and leaving healthier communities behind him. In Cuba, he concluded that islanders could increase their production of sugar many times over with proper irrigation, and experimented on a 500-acre pilot project in Central Cuba, sinking three 400-foot wells. After 11 months, while uncontrolled cane was no taller than a man's head, Smith's scientifically well-watered stalks towered green and strong, 12 feet high. Harvested, it more than doubled the usual yield

per acre.

Smith prospered in Cuba. In Mexico he became rich. There his wells increased the cotton yield, and he planned and installed municipal water systems. He also met and married vivacious, handsome Marion Hedrick of Brownsville, Texas. Their estate at Torreón was a showplace, as was their residence in Mexico City.

THE PHILANTHROPIST. Then came the agrarian-reform program of President Lázaro Cárdenas. Smith's estate was expropriated, along with that of other land-holders, for distribution to the peasants. Labor unions took over thousands of dollars worth of his drilling equipment. The Smiths headed for Jamaica to start all over again. Ten months later they received a cable from Cárdenas. "Come back," it read. "We need wells."

Upon his return Smith discovered that in arid regions the land-reform plan had bogged down. The Mexican Indian was not satisfied with his windfall of 100 dry acres that produced only cactus. Smith, although his own property was not returned to him, contracted with the new government to drill wells that would put 2000 barren acres under irrigation every 30 days. Indians flocked to the cultivable land.

Deep-Well has lived abroad so long that he is a part of hundreds of foreign communities. A hard-headed businessman in a field where competition is frequently rough, he is not all business. He is godfather of 169 children in five Latin American countries. He maintains beds in a Quito hospital for people unable to pay, and foots the board bill of 1200 hungry lads in an Ecuadorian orphanage. He has presented wells for drinking water to villages that could not afford to pay him for his work, and set up free public laundries for poor women who had to walk miles to the river to do their wash. Ecuador thanked him with her highest decoration, *El Merito*, for distinguished service to the nation following an earthquake disaster when he and his wife set up emergency first aid units, sleeping quarters and a canteen serving hot food for 7500 people.

In 1952, Smith went to India, where farmers on the plains of the Punjab had struggled for centuries to capture precious water in shallow pit wells.

The government was developing an improved well system, but still, if there was not enough rain to supply the wells, crops shriveled and dried. Engineer Smith knew that the alluvial plain of the ancient province was not really arid. Unbelievable as it might seem to the local people, deep below the hard-packed, cracked surface, a huge reservoir of millions of gallons of water filtered slowly through porous layers of gravel and sand on its way from the Himalayas to the sea.

When Smith and a crew of four arrived with their rig at their first Indian village, they found an astrologer waiting to tell them—as was the local custom—where to locate the well, and when to start drilling. Seated on a small dais in the open air, the old fellow chanted to the heavens and gave directions to a boy assistant who made marks on a chart. Knowing that he could hardly miss water no matter where he drilled, Smith waited half the morning for the astrologer's word, then told his riggers, "Boys, when my rotary drill isn't turning, I'm losing money. Let's go."

WHERE WATER ROSE. In quiet disbelief, the Punjab peasants watched while Smith and his crew worked with dumfounding speed. Their towering, newly developed rig drilled continuously, forcing a prepared fluid down one side of the hole and up the other, bringing out the earth as fast as it was cut. At every five feet or so a crewman examined a sample of the cuttings, to determine just how far down lay the water-bearing stratum.

The drilling and analysis took all day and all night. When they hit the underground river, the astrologer was still making his calculations. He rose with great dignity, pointed to the rising water and declared in a loud voice, "The well should be there!"

Smith immediately installed a turbine pump and shot a crystal jet of water eight inches in diameter into the big waiting irrigation ditch. Children leaped into the ditch, delightedly splashing themselves with the cool water. Farmers on adjoining land stood in their fields with tears running down their cheeks as they watched the liquid fingering its way onto their land. The villagers had a jubilee.

Such celebration spread swiftly across the countryside. While Indian

methods produced six wells a year, Smith's modern machines and revolutionary techniques brought in one every 24 hours. Each one irrigated an average of 400 acres, so he was adding arable land at the rate of 2800 new acres every week.

In all, Smith drilled 755 wells, irrigating some 302,000 acres in 26 months—a phenomenal feat which probably has never been equalled. Thanks to him, farmers in some of these areas are assured of two crops a year, and have greatly increased their production of coarse grain, wheat and sugar. As a result, 350,000 people are eating more food and buying more of the products from India's budding industries.

Over the years, Smith has built a unique international organization. His 262 engineers and technicians, including Americans, English, Canadians, French, Austrians, Italians, Indians and Australians, together with 2100 local laborers, are presently at work on Smith-supervised contracts on three continents. The field staffs live in camps of air-conditioned trailers equipped with electricity and hot water. Expert cooks serve an excellent variety of food. The men's families live in the towns, usually the capital city, where the children can go to school. The men visit them over a long weekend, from Thursday night to Monday morning, every fortnight.

Many forward-looking governments realize this great potentiality for their people. In India, Smith contracted to train 72 drillers, welders, pump installers and other technicians, and accepted a list of men the government wanted him to hire. If they were not apt and willing workers he fired them;

if they were eager learners, they were given more responsible positions. Smith considers this exportation of the U.S. system of promotion through achievement rather than through pull as valuable as the water project itself. His work completed, he left behind 72 men so skilled that now India needs no foreign contractors to dig wells—they have enough of their own trained men to do their work themselves.

DEEP WELLS. Last year 170 wells were completed in Iraq. These new oases are expected to help stabilize the wandering population and increase the nation's food supply. Work was begun in Libya to find drinking water for the villages, and in Iran, wells were drilled to service military establishments. Smith returned to Quito to work on a colonization plan for the Santo Domingo de los Colorados region of Ecuador.

Smith's ability to bring water to the desert seems miraculous because one seldom, if ever, sees rain fall on the traditionally burning sands. But he and his geologists, hydrologists, engineers and laboratory technicians simply study the places where rain does fall, the direction it seems likely to run, the porosity of the soil on which it descends, and then estimate where underground streams are heading. Given the right conditions, they will flow under deserts as well as anywhere else.

"In the old days," says Deep-Well, "a lot of drilling was 'by guess and by God.' Now it's a highly specialized engineering science. But it's still not easy. I've gone after desert water that lay deep under earth so hard-packed

that it resisted the drill almost like solid rock. Boring through this in 123 degree temperature is no picnic. My first desert well came in at 600 feet. I've had to penetrate as deep as 4300 for others."

Each time water gushes from a new well, the cry of "Allah be praised" runs through the villages. The grateful people remember that these sun-baked lands were once the Garden of Eden and may be so again.

"How long will your wells last?" I asked Smith.

"As long as the climatic conditions and earth formations which produce the stream we tap," Smith says. "That ought to be forever! A surface well reaches only one water-bearing layer, while my kind of well penetrates several such strata to tap underground streams."

Smith's kind of well holds great promise for the world's future. Probably 99 percent of the wells outside industrialized areas are no more than 100 feet deep. The water shortages we read about are real, but there is no decrease in the great permanent sources of this life-giving element. Previous generations of well-diggers, working by hand, rarely reached water more than 40 or 50 feet underground. Deep-Well Smith and men like him are tapping great reservoirs, natural resources that have lain for eons undiscovered deep down in the earth. The water they bring up will narrow the gap in the present inequality of food, work and wealth in the world. It can free people in backward areas from the fear of undernourishment, ill health, poverty and short life—and it could do so in this generation.



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El Salvador was the first Central American country to complete its share of the Inter-American Highway, border to border. It has 750 kms. of paved roads; 3,041 kms. all-weather roads.

The nation's external debt is only \$26 million — just 0.3 percent of its annual gross national product.



El Salvador is friendly to foreign investment, places no restrictions on the movement of dividends or investment capital, requires 50 percent Salvadorian capital to take advantage of special tax exemption in new industry. Corporate tax structure: only 5 percent of gross profit.

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